

## Message Text

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ACTION EUR-12

INFO OCT-01 ISO-00 FEA-01 ERDA-05 AID-05 CEA-01  
CIAE-00 COME-00 DODE-00 EB-08 FPC-01 H-01 INR-07  
INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-05 USIA-06  
OES-07 SP-02 SS-15 STR-04 TRSE-00 ACDA-07 /102 W  
-----091325 031301Z /41

R 031100Z SEP 77  
FM AMEMBASSY ANKARA  
TO SECSTATE WASHDC 8736  
INFO AMEMBASSY ATHENS  
AMEMBASSY BRUSSELS  
AMCONSUL ISTANBUL  
AMCONSUL ADANA POUCH  
AMCONSUL IZMIR POUCH  
AMEMBASSY MOSCOW  
AMEMBASSY NICOSIA  
USMISSION NATO  
AMEMBASSY PARIS  
AMEMBASSY SOFIA

LIMITED OFFICIAL USE SECTION 1 OF 2 ANKARA 6578

USOECD, USEEC

E.O. 11652: N/A  
TAGS: EFIN, ENRG, TU  
SUBJECT: ENERGY SHORTAGE IN TURKEY

REF: ANKARA 6167

1. SUMMARY. ELECTRICITY SHORTAGE, ALWAYS A PROBLEM IN TURKEY, HAS BECOME INCREASINGLY EVIDENT THIS SUMMER. SCHEDULED OUTAGES WILL COST TURKISH ECONOMY ABOUT TL EIGHT BILLION IN 1977 (\$457 MILLION). MAIN SOURCE OF PROBLEM IS FAILURE TO COMPLETE PLANNED POWER PROJECTS ON SCHEDULE. WE SEE LITTLE LIMITED OFFICIAL USE

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LIKELIHOOD THAT WIDENING GAP CAN BE COVERED BEFORE 1980 OTHER THAN BY COMBINATION OF REDUCED CONSUMPTION INCREASED IMPORTS OF ELECTRICITY FROM COMMUNIST COUNTRIES. END SUMMARY.

2. ALTHOUGH ELECTRIC POWER SUPPLIES ARE UNSTABLE AND ERRATIC IN TURKEY AS IN OTHER DEVELOPING COUNTRIES, SERIOUS SHORTAGE BECAME OBVIOUS IN WINTER 1976/77 IN ANKARA, FOR EXAMPLE, WITH

FREQUENT UNSCHEDULED BLACKOUTS. THESE USUALLY OCCURRED EARLY EVENING AND LASTED A FEW MINUTES OR, ON SOME OCCASIONS, ONE OR TWO HOURS. BEGINNING IN JUNE, OUTAGES WERE SCHEDULED, AT FIRST EVERY OTHER DAY FOR TWO-HOUR PERIOD BUT NOW SIX DAYS A WEEK FOR THREE HOURS DURING DAYLIGHT HOURS. SITUATION IN ISTANBUL IS WORSE, WITH POWER CUT OFF REGULARLY SOME FIVE HOURS EACH DAY.

3. NUISANCE IS CONSIDERABLE. IN ADDITION TO INCONVENIENCE TO HOUSEHOLDS, AMONG MORE MINOR EFFECTS ARE INABILITY OF GAS STATIONS TO PUMP GASOLINE, NON-FUNCTIONING OF TRAFFIC LIGHTS, DISRUPTION (ALTHOUGH NOT COMPLETE INTERRUPTION) OF TELEPHONE SERVICE, AND INTERRUPTION OF ELECTRICALLY PUMPED WATER SUPPLIES.

4. FAR MORE SERIOUS, OF COURSE, ARE CONSEQUENCES TO TURKISH PRODUCTION AND EMPLOYMENT LEVELS AS WELL AS TO LONG-TERM DEVELOPMENT PLANS. ECONOMIC IMPACT OF THESE CUTOFFS MUST BE GREAT. DATA AVAILABLE ON THIS POINT IS, HOWEVER, FRAGMENTARY AND POLITICALLY INFLUENCED. SOME INDICATION OF MAGNITUDE OF ECONOMIC EFFECTS WAS GIVEN BY MINISTER OF ENERGY AND NATURAL RESOURCES KAMRAN INAN DURING PRESS CONFERENCE AUG. 18.

5. INAN STATED THAT A SAVING OF 120 MILLION KILOWATT HOURS (KWH) OF ELECTRICITY HAD BEEN ACHIEVED BY POWER CUTS IN JUNE AND JULY. HE WENT ON TO SAY, HOWEVER, THAT A FURTHER SAVING OF 700 MILLION KWH WOULD HAVE TO BE MADE BY THE END OF THIS YEAR AND THAT HE ANTICIPATED A DEFICIT OF 1,500 MILLION KWH IN 1978.  
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USING INAN'S OWN ESTIMATE THAT EACH CUT OF ONE KWH COSTS TURKISH ECONOMY TL 10, THE POWER SHORTAGE DURING 1977 THUS COST THE TURKISH ECONOMY TL 8.2 BILLION (1.4 PERCENT OF 1976 GNP AT CURRENT FACTOR COSTS), AND, IF NOT COVERED BY IMPORTS, COULD COST TL 15 BILLION IN 1978 (2.5 PERCENT OF 1976 GNP).

6. MOREOVER, ALTHOUGH WE LACK TECHNICAL EXPERTISE TO MAKE INDEPENDENT JUDGMENT, WE UNDERSTAND THERE IS REAL DANGER OF COLLAPSE OF THE WHOLE AGING TURKISH POWER GRID. PRESENT SYSTEM HAS BEEN IN OPERATION MORE THAN 15 YEARS; IT SHOULD HAVE BEEN REPLACED AFTER 10 YEARS. IF IT IS NOT SUBSTANTIALLY OVERHAULED SOON, THERE IS APPARENTLY RISK OF COMPLETE BREAKDOWN AS RESULT OF STRAINS ON EQUIPMENT IMPOSED BY NEAR-CAPACITY OPERATION.

7. MINISTRY OF ENERGY OFFICIALS CITE SEVERAL REASONS FOR CURRENT CRISIS. FIRST, NOT SURPRISINGLY, IS TECHNICAL FAILURE. PRESENT SCHEDULE OF OUTAGES WAS PRECIPITATED, ACCORDING TO ONE ACCOUNT, BY SIMULTANEOUS OCCURRENCE OF FIRE AT AMBARLI POWER PLANT IN ISTANBUL AND "TECHNICAL DIFFICULTIES" AT TROUBLE-PLAGUED KEBAN HYDRO-POWER STATION ON UPPER EUPHRATES. WORST OF WINTER BLACKOUTS WERE RESULT OF DAMAGE TO HIGH VOLTAGE TRANSMISSION LINES IN

MOUNTAINOUS REGIONS OF SOUTHEASTERN TURKEY DURING SEVERE WINTER STORMS. SECOND IS LACK OF FOREIGN EXCHANGE NEEDED FOR IMPORTATION OF PARTS AND EQUIPMENT REQUIRED FOR REPAIR AND MAINTENANCE OF POWER STATIONS. THIRD IS LOW WATER LEVEL AT DAMS USED FOR ELECTRICITY GENERATION.

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8. TO COVER PART OF GAP, TURKS ARE IMPORTING ELECTRICITY. BULGARIAN GRID IS CURRENTLY SUPPLYING TURKEY WITH 340 MILLION KWH A YEAR; TALKS ARE SAID TO HAVE BEGUN AIMED AT RAISING THIS FIGURE TO 620 MILLION KWH. THERE ARE RECURRING REPORTS, HOWEVER, THAT TURKS HAVE HAD DIFFICULTIES IN PAYING FOR THESE IMPORTS AND BULGARIANS REQUIRE CASH PAYMENT. TURKS RECENTLY REACHED AGREEMENT IN PRINCIPLE TO IMPORT 1000 MILLION KWH OF ELECTRICITY A YEAR FROM THE SOVIET UNION. SUPPLY IS SCHEDULED TO BEGIN JULY 1978; ENERGY MINISTER KAMRAN INAN TOLD EMBOFF AUG. 29 THAT HE WILL ASK FOR MORE.

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9. MOST IMPORTANT SINGLE FACTOR ACCOUNTING FOR GENERATING SHORT-FALL, HOWEVER, IS TURKISH FAILURE TO COMPLETE PLANNED HYDRO AND THERMAL POWER PROJECTS ON TIME. ACCORDING TO ONE RECENT PRESS COMMENTARY, ORIGIN OF PROBLEM WAS 1971 DECISION BY AN RPP MINISTER OF POWER TO STOP OR SLOW PLANNED INVESTEMENTS IN SUCH PROJECTS ON GROUNDS THAT THERE WAS "NO NEED FOR SUCH A LARGE CAPACITY". AS RESULT, LONG-PLANNED PROJECTS SUCH AS KARAKAYA, OYMAPINAR, CEYHAN-ASLANTAS, HASAN UGURLU, AFSIN-ELBISTAN AND OTHERS ARE NOT YET IN PRODUCTION. WHILE THERE ARE NO DOUBT MANY REASONS FOR THESE DELAYS IN ADDITION TO A SINGLE ILL-ADVISED DECISION IN 1971, TURKS NOW FACE CRITICAL BOTTLE-NECK IN FORM OF WORSENING POWER SHORTAGE, AND THERE IS LITTLE PROSPECT OF DOMESTIC PRODUCTION MEETING DEMAND UNTIL AT LEAST 1980 IF THEN.

10. PRESENT COALITION GOVERNMENT SEEMS CURIOUSLY DIVIDED AS TO OUT-LOOK FOR RELIEF, HOWEVER. PRIME MINISTER DEMIREL, IN AUG. 27 PRESS CONFERENCE IS REPORTED TO HAVE SAID THAT "WITHIN A MONTH THERE WILL NO LONGER BE AN ELECTRICITY SHORTAGE IN TURKEY". HIS STATEMENT SEEMS TO HAVE BEEN LOOSELY WORDED. MINISTER OF ENERGY INAN TOLD EMBOFF THAT HE "HOPED" SCHEDULED POWER CUTS COULD BE ELIMINATED BY OCT. 1. HE IS CLEARLY CONCERNED ABOUT ON-GOING SHORTAGE. IN ADDITION TO PROPOSING THAT ONE IN EVERY THREE STREET LIGHTS IN TURKEY BE TURNED OFF AND THAT HOUSEHOLD REPLACE EACH 75 WATT LIGHT BULB WITH ONE OF 60 WATTS, HE HAS ADVOCATED AN ACCELERATED PROGRAM OF CONSTRUCTION OF OIL-FIRED GENERATING PLANTS. THIS LATTER PROPOSAL IN PARTICULAR HAS BEEN STRONGLY CRITICIZED ON GROUNDS THAT OIL-FIRED PLANTS ARE SEVERAL TIMES MORE EXPENSIVE TO OPERATE THAN THERMAL AND HYDRO PLANS, FOR WHICH TURKEY HAS MASSIVE RESERVES OF UNEXPLOITED RESOURCES. MEANWHILE, DESPITE PRIME MINISTER'S OPTIMISM, MANY PEOPLE EXPECT POWER CUTS TO CONTINUE INDEFINITELY.

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11. PURCHASE OF ELECTRICITY FROM ITS NEIGHBORS SEEMS TO BE ONLY FEASIBLE SHORT-TERM SOLUTION TO PROBLEM. WHILE SUPPLY FROM BULGARIA AND SOVIET UNION WILL REPRESENT RELATIVELY SMALL PORTION OF TOTAL TURKISH DEMAND OF 23,500 MILLION KWH IN 1978 OR IN NEXT FEW YEARS, IT DOES CONSTITUTE ONE MORE ECONOMIC TIE BETWEEN TURKEY AND ITS COMMUNIST NEIGHBORS.

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## Message Attributes

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